

FISCAL NOTE

Bill #: HB0177

Title: Revise and reallocate certain revenue

Primary Sponsor: Balyeat, J

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures:			
General Fund		(\$4,275,000)	(\$4,275,000)
Revenue:			
General Fund	\$600,000	\$4,425,050	\$4,091,290
State Special Revenue	(\$600,000)	(\$4,019,750)	(\$3,573,990)
Trust Fund		(\$420,000)	(\$380,000)
Net Impact on General Fund Balance:	\$600,000	\$8,700,050	\$8,366,290

- | | |
|---|---|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact
<input checked="" type="checkbox"/> Included in the Executive Budget
<input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns
<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Needs to be included in HB 2 |
|---|---|

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue

1. This bill would change the allocation of coal severance tax revenues in FY 2004 and FY 2005. It would reduce the allocation to the long-range building program from 12 percent to 10 percent, reduce the allocation for local impacts from 7.75 percent to 4.18 percent, eliminate the allocation to the Department of Fish, Wildlife and Parks for parks acquisition and maintenance, and increase the allocation to the general fund from 27.4 percent to 34.24 percent. Table 1 shows the allocation of coal severance tax under current law, with this bill, and the difference for FY 2004 and FY 2005.
2. This bill would reduce the allocation of coal severance tax revenues in fiscal year 2003 for local impacts from 6.01% to 4.18% and increase the general fund allocation from 33.04% to 34.87%. This reduces revenue for local impacts by \$600,000 and increases revenue to the general fund by \$600,000.
3. The local impacts account reductions of \$1,180,000 in FY 2004 and by \$1,069,000 in FY 2005 already are reflected by expenditure reductions in the Executive Budget.

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Table 1
Coal Severance Tax Allocation Fiscal Years 2004 and 2005
(\$ million)

	Current Law		HB 177		Difference	
	FY2004	FY 2005	FY2004	FY 2005	FY2004	FY 2005
Revenue	\$ 33.065	\$ 29.950	\$ 33.065	\$ 29.950	\$ -	\$ -
Coal Trust	50.00% \$ 16.533	\$ 14.975	50.00% \$ 16.533	\$ 14.975	\$ -	\$ -
Long Range Building Program	12.00% \$ 3.968	\$ 3.594	10.00% \$ 3.307	\$ 2.995	\$ (0.661)	\$ (0.599)
Local Impacts	7.75% \$ 2.563	\$ 2.321	4.18% \$ 1.382	\$ 1.252	\$ (1.180)	\$ (1.069)
Parks Acquisition & Maintenance	1.27% \$ 0.420	\$ 0.380	0.00% \$ -	\$ -	\$ (0.420)	\$ (0.380)
Renewable Resource Loan Debt Service	0.95% \$ 0.314	\$ 0.285	0.95% \$ 0.314	\$ 0.285	\$ -	\$ -
Aesthetic Trust	0.63% \$ 0.208	\$ 0.189	0.63% \$ 0.208	\$ 0.189	\$ -	\$ -
General Fund	27.40% \$ 9.060	\$ 8.206	34.24% \$ 11.321	\$ 10.255	\$ 2.262	\$ 2.049

4. This bill would eliminate the allocations of oil and gas tax to the reclamation and development grants program and the orphan share account in FY 2004 and FY 2005. The funds going to these accounts under current law would be deposited in the general fund. General fund revenue would be increased by \$1,805,000 in FY 2004 and by \$1,710,000 in FY 2005. Revenue to the reclamation and development grants program would be reduced by \$902,500 in FY 2004 and by \$855,000 in FY 2005. Revenue to the orphan share account would be reduced by \$902,500 in FY 2004 and by \$855,000 in FY 2005.
5. Under current law, 7 percent of metalliferous mines tax receipts are allocated to the reclamation and development grants program. This bill would deposit those funds in the general fund. Metalliferous mines tax receipts are projected to be \$5.115 million in FY 2004 and \$4.747 million in FY 2005. This bill would increase metalliferous mines tax receipts allocated to the general fund by \$358,050 in FY 2004 (7% x \$5.115 million) and by \$332,290 in fiscal 2005 (7% x \$4.747 million). It would reduce revenue to the reclamation and development grants program by \$358,050 in FY 2004 and by \$332,290 million in FY 2005.
6. For FY 2004 and FY 2005, this bill would reduce the annual allocation of resource indemnity trust interest going to the Department of Fish, Wildlife and Parks for fishery habitat restoration from \$350,000 to \$250,000. This increases the allocation to the renewable resource grants and loans program by \$25,500, to the hazardous waste CERCLA account by \$22,000, to the reclamation and development grants program by \$45,000, and to the environmental quality protection fund by \$7,500. [See technical note]
7. The total change in general fund revenue is shown in Table 2.

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Table 2 HB177 General Fund Revenue Impacts		
FY 2003	Coal Severance Tax	\$ 600,000
FY 2004	Coal Severance Tax	\$ 2,262,000
	Oil and Gas Tax	\$ 1,805,000
	Metal Mines Tax	\$ 358,050
	Total	<u>\$ 4,425,050</u>
FY 2005	Coal Severance Tax	\$ 2,049,000
	Oil and Gas Tax	\$ 1,710,000
	Metal Mines Tax	\$ 332,290
	Total	<u>\$ 4,091,290</u>

8. The total change in revenue to the reclamation and development account is shown in Table 3.

Table 3 HB177 Revenue Impacts on Reclamation and Development Grants Program		
FY 2004	Oil and Gas Tax	\$ (902,500)
	Metal Mines Tax	\$ (358,050)
	RIT Interest	\$ 45,000
	Total	<u>\$ (1,215,550)</u>
FY 2005	Oil and Gas Tax	\$ (855,000)
	Metal Mines Tax	\$ (332,290)
	RIT Interest	\$ 45,000
	Total	<u>\$ (1,142,290)</u>

9. This bill would not have significant administrative impacts on the Department of Revenue.

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Department of Environmental Quality

11. Funds will be diverted from the reclamation and developments grants and the orphan share special revenue funds to the general fund for three fiscal years.
12. There will be less funds available for grants and for payment of remediation cleanup at orphan share sites.

Department of Natural Resources and Conservation

13. The allocation of revenue from the reclamation and development grant program state special revenue account to the general fund creates a substantial deficit of approximately 42 percent in the RDGP account. HB 2 appropriations and/or HB 7 appropriations will need to be amended to resolve this level of deficit.
14. Reductions in the shared account affect the conservation districts and already are included in HB 2.

Department of Agriculture

15. The statutory appropriation for the Growth Thru Agriculture Program is reduced from the original \$1,250,000 statutory appropriation, authorized by the May 2000 special session, to \$625,000.
16. Department of Agriculture's appropriation from the shared account is reduced \$190,069 and \$195,213 in FY 2004 and FY 2005, respectively. These amounts represent approximately one-half of the FY 2002 appropriation.

Department of Commerce

17. HB 177 extends and revises the allocation of certain revenues which were adopted in the August 2002 Special Session in HB 5 and HB 18.
18. HB 177 as introduced eliminates the annual \$3.65 million general fund statutory transfer to the Research & Commercialization programs state special revenue account for grants. Since the funds in question are derived from interest income earned on the coal severance tax permanent fund, and said earnings flow to the general fund, the elimination of the statutory transfer proposed in HB 177 would decrease general fund expenditures by a like amount, or \$3.65 million each fiscal year.
19. HB 177 also reduces coal severance tax revenues flowing to the shared account from 7.75 percent to 4.18 percent in FY 2003 and the 2005 biennium. The reduction impacts the administratively- attached Coal Board in the Community Development Division of the Department of Commerce. Since the reduction in question has already been incorporated into the Governor's Executive Budget there is no additional fiscal impact.

Department of Fish, Wildlife and Parks

20. This bill will reduce the RIT funding available for the Future Fisheries program by \$100,000/year in FY2004 and FY2005. This funding is designated for bull trout and cutthroat trout restoration projects within the state.
21. This bill will change the allocation of coal severance tax receipts to the state parks trust from 1.27 percent to 0.00 percent in FY 2004 and FY 2005.
22. Distributions from the coal severance tax to the state parks trust are estimated to be \$420,000 in FY 2004 and \$380,000 in FY 2005. Deposits are made quarterly during the year, the average invested balance would be 50 percent of the amount deposited during the year.
23. The state parks trust estimated annual interest earnings are at 7 percent.
24. Reductions in interest earning distributed from the trust account to the state parks fund will be approximately \$14,700 in FY 2004 ($\$420,000 \times 7\% \times 50\% = \$14,700$) and \$57,960 in FY 2005 ($\$380,000 \times 7\% \times 50\% = \$13,300$ plus \$29,400 = \$42,700)

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<u>FISCAL IMPACT</u>	FY 2004	FY 2005
Department of Agriculture	<u>Difference</u>	<u>Difference</u>
<u>Expenditures:</u>		
Transfers	(\$625,000)	(\$625,000)
<u>Funding of Expenditures:</u>		
General Fund (01)	(625,000)	(625,000)
Department of Commerce		
<u>Expenditures:</u>		
Transfers	(\$3,650,000)	(\$3,650,000)
<u>Funding of Expenditures:</u>		
General Fund (01)	(\$3,650,000)	(\$3,650,000)
Department of Fish, Wildlife and Parks		
<u>Revenues:</u>		
State Special Revenue – Parks trust interest (02)	(\$14,700)	(\$42,700)
Department of Revenue		
<u>Revenues:</u>		
General Fund (01)	\$4,425,050	\$4,091,290
State Special Revenue (02)		
Long Range Building Program	(\$661,000)	(\$599,000)
Coal Local Impacts	(\$1,180,000)	(\$1,069,000)
Reclamation & Development Account	(\$1,215,550)	(\$1,142,290)
Orphan Share	(\$902,500)	(\$855,000)
Renewable Resource Grants & Loans	\$25,500	\$25,500
Hazardous Waste / CERCLA	\$22,000	\$22,000
Environmental Quality Protection Fund	\$7,500	\$7,500
Fish Habitat Restoration	(\$100,000)	(\$100,000)
Parks trust Interest	(\$14,700)	(\$42,700)
Trust Fund (09)		
Parks Acquisition & Maintenance	(\$420,000)	(\$380,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	\$8,700,050	\$8,366,290
State Special Revenue (02)		
Long Range Building Program	(\$661,000)	(\$599,000)
Coal Local Impacts	(\$1,180,000)	(\$1,069,000)
Reclamation & Development Account	(\$1,215,550)	(\$1,142,290)
Orphan Share	(\$902,500)	(\$855,000)
Renewable Resource Grants & Loans	\$25,500	\$25,500
Hazardous Waste / CERCLA	\$22,000	\$22,000
Environmental Quality Protection Fund	\$7,500	\$7,500
Fish Habitat Restoration	(\$100,000)	(\$100,000)
Parks trust Interest	(\$14,700)	(\$42,700)
Trust Fund (09)		
Parks Acquisition & Maintenance	(\$420,000)	(\$380,000)

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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

There will be reductions in grants and services from all of the affected agencies.

LONG-RANGE IMPACTS:

Department of Fish, Wildlife and Parks

1. Revenues lost to the State Park Trust fund will permanently reduce interest earnings annually distributed to the Department of Fish, Wildlife and Parks.